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**SPIRITS CONSUMPTION IN GERMANY AMONG YOUNG CONSUMERS – AN ANALYSIS OF CONSUMPTION PATTERNS AND CONSUMERS' BEHAVIORS FOR DIFFERENT BUYING OCCASIONS**

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# SPIRITS CONSUMPTION IN GERMANY AMONG YOUNG CONSUMERS – AN ANALYSIS OF CONSUMPTION PATTERNS AND CONSUMERS' BEHAVIORS FOR DIFFERENT BUYING OCCASIONS

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ABSTRACT

The purpose of this study is to analyze consumption patterns and consumer behaviors in different buying situations within the spirits market in Germany. We also look into the propensity for consumption of specific groups of spirits and more specifically tequila. We are specifically interested in the consumption of young consumer.

First we identify behavioral patterns and purchasing motivations within the consumption of young consumer of spirits in general, as well as for the tequila category in particular. We found, for example, that the consumers rate the importance of quality and price for alcoholic beverages differently depending on different occasions. For the occasion warm-up or nightclub, consumers rate price as being more important than quality and for the occasion bar or cozy evening, the contrary.

Then we analyze if consumers can be clustered into groups that exhibit correlations between different buying situations and their specific consumer profiles. The cluster analysis showed that respondents can be grouped into four individual similar profiles. These four groups result in four different profiles that show different characteristics in rating quality and price in different buying situations. The four existing profiles are defined as *Deal Seeking, Price Preference, Hangover Avoiding* and *Quality Seeking*. By adding further external variables such as gender, profession and age, the groups were further distinguished.

Finally, we investigate if there are specific consumer groups that respond more likely to the consumption of tequila. We applied a binary logistic regression to identify characteristics, or rather groups of respondents that were more likely to respond to the consumption of tequila. Three cases could be identified with statistical significance: The probability that men consume tequila is higher than the probability that women consume tequila; there is a high probability that respondents who consider price more important than quality, consume tequila on the occasion of a private party; there is a high probability that respondents who consider price more important than quality, consume tequila on the occasion of a club.

**Key words:** Consumer behavior; Young consumer; Spirits consumption; Tequila category; Cluster analysis, Linear regression.

# RESUMO

O objetivo deste estudo é analisar os padrões de consumo e os comportamentos do consumidor em diferentes situações no mercado de bebidas alcoólicas na Alemanha. Analisamos também a propensão de grupos específicos para o consumo de bebidas alcoólicas e mais especificamente da tequila. Estamos particularmente interessados no jovem consumidor.

Identificamos primeiramente os padrões de comportamento e as motivações de compra do jovem consumidor de bebidas alcoólicas em geral, assim como os da categoria da tequila em particular. Detectamos, por exemplo, que os consumidores avaliam a importância da qualidade e do preço para bebidas alcoólicas de modo diferente, dependendo das ocasiões. Na situação de ”*aquecimento*” ou de bar noturno, os consumidores avaliam o preço como mais importante do que a qualidade e, na situação de uma noite agradável num bar, avaliam primeiramente a qualidade da bebida.

Analisamos em seguida se os consumidores podem ser alocados em grupos que exibam correlações entre diferentes situações de compra e os perfis individuais de consumidor. A análise demonstrou que os inquiridos podem ser agrupados em quatro perfis individuais semelhantes. Os quatro perfis existentes são definidos como *Deal Seeking, Price Preference, Hangover Avoiding* e *Quality Seeking.*

Por fim, analisamos se existem grupos específicos de consumidores que respondem mais ao consumo de tequila. Aplicamos um modelo de regressão logística para identificar as características dos entrevistados mais ligadas ao consumo de tequila. Três casos foram identificados com significado estatístico: a probabilidade de os homens consumirem tequila é mais elevada do que a das mulheres; existe elevada probabilidade de os que consideram o preço mais importante do que a qualidade consumirem tequila em festas privadas; existe elevada probabilidade dos que consideram o preço mais importante do que a qualidade consumirem tequila numa situação de bar.



**Palavras chave:** Comportamento do consumidor; Jovem consumidor; Consumo de bebidas espirituosas; Categoria tequila; Análise de agrupamentos; Regressão linear

# EXECUTIVE SUMMARY

The beverage alcohol industry is considered a major contributor to the world's economies. The spirits segment, which includes several beverage categories such as gin, vodka, rum, whiskey, tequila, and brandy, was holding a share of 8,5% in 2014 within the 254,9 billion liters of sold alcoholic beverages. Emerging markets are turning into key markets for the global industry by becoming progressively important as per increasing consumers of spirits and a rapid growing number of imported brands. The top three industries based on consumed liters of alcohol are China, followed by India and the United States. Germany is 10th with 0,47 billion consumed liters in 2014 (Cunnington, Euromonitor International, 2015).

Tequila, considered Mexico's national drink, has never been more in demand. The spirit has transformed itself from something sleazy to slam into something chic to sip. Total exports have risen by 20 per cent in the last five years (Financial Times, 2016). Especially in the US, so called premium tequila or high-end tequila showed enormous growth. Between 2004 and 2014, purchases of premium tequilas increased by 365% (Wilkin, 2015). The positive trend is expected to continue. Global liquor corporations are acquiring small distilleries to strengthen their position in the industry (Diageo, 2015). In the US celebrities start having own tequila labels in order to benefit from the great opportunities the market has to offer (Bennet, 2014). The development in the European markets show optimistic signals but is considered as less certain. Although the overall spirit segment is expected to decline in Germany until 2019 by 4%, the tequila category provides a more positive direction, especially in the premium segment (Cunnington, Euromonitor International, 2015).

The context of this research (i.e., the tequila market for young consumer) was chosen in order to leverage and merge this study with an entrepreneurial intension or rather entrepreneurial opportunity that had been identified upfront. Based on some observations, analysis and forecasts, an opportunity for a new tequila brand in the German spirits market has been recognized. In order to identify further potential and to develop additional information about behavioral patterns and motivations of spirits consumption and tequila in particular, a survey with over 150 respondents was conducted, which served as major basis for the data analysis conducted in this study.

It was of interest to investigate further business potential and to develop additional information about the consumption in the German market of spirits in general, and tequila in particular. As such, in this study we examine and analyze the German spirits industry, with an additional focus on the tequila category. The research questions were defined as follows:

- Which consumption patterns and consumer behaviors and motivations can be found in the German spirits market and in the tequila category?
- Are there any correlations between different buying situations and specific consumer profiles?
- Which specific consumer groups respond more likely to the consumption of tequila?

The research questions are addressed by presenting the descriptive statistics, resulting from the quantitative survey, applying a binary logistic regression and a cluster analysis.

By applying a binary logistic regression model we tried to identify groups of respondents that are more likely to respond to the consumption of tequila. A tequila consumer is defined as a respondent who confirmed that he purchased tequila in one of the four different occasions. Three cases could be identified with a statistical significance: the probability that men consume tequila is higher than the probability that women consume tequila; there is a high probability that respondents who consider price more important than quality, consume tequila on the occasion of a private party; there is a high probability that respondents who consider price more important than quality, consume tequila on the occasion of a club.

With the cluster analysis we examined if individuals can be grouped into different profiles that show similarity. Therefore, we tried to identify if different buying situations lead to different consumer behavior. In this concrete case, we investigated if identified profiles or cluster showed different characteristic with regards to quality versus price among different purchasing occasions and if the identified profiles or cluster showed differences in the perception of quality between them. The cluster analysis showed that respondents can be grouped into four individual similar profiles. These four groups result in four different profiles that show different characteristics in rating quality and price in different buying situations. The four existing profiles are *Deal Seeking, Price Preference, Hangover Avoiding* and *Quality Seeking*.

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# 1. INTRODUCTION

Tequila, considered as Mexico’s national drink, has never been more in demand. The spirit has successfully reinvented itself as something chic to sip instead of something sleazy to slam. Total exports have climbed by 20 per cent in the last five years, with six per cent only in the past year (Financial Times, 2016). Especially the US market witnessed huge growth in the segment for high-end tequilas, or so called premium tequilas. Between 2004 and 2014 purchases of premium tequilas increased by 365% (Wilkin, 2015). The positive development is expected to continue. Global liquor corporations are acquiring small distilleries to strengthen their position in the industry (Diageo, 2015). In the US celebrities even start having own tequila labels in order to benefit from the great opportunities the market has to offer (Bennet, The Huffingtion Post UK, 2014). Whereas in the US the reinvention of the consumption, and the transformation of tequila to a premium spirit has already taken place, European markets still lag behind, missing education about the potential of tequila.

The specific research context of this study (i.e., the tequila market for young people) was chosen as the researcher wanted to use this opportunity of conducting a scientific driven research, to further investigate multiple aspects related to an entrepreneurial opportunity that had been previously identified: the opportunity of launching a new premium tequila brand in the German spirits market. In order to identify further potential and to receive additional information on behavioral patterns and motivations of spirits consumption and tequila in particular, we analyzed the data collected from 153 respondents (i.e., German consumers) in a quantitative research design. The survey also served as input for this dissertation, defining its core object and context of investigation, namely consumer behavior in the German spirits market with a focus on the tequila category.

## 1.1. Research Questions

As discussed in the previous section, it was of interest to investigate further business potential and to develop additional information about the consumption in the German market of spirits in general, and tequila in particular. As such, in this study we examine and analyze the German spirits industry, with an additional focus on the tequila category.

The research questions were as follows:

- Which consumption patterns and consumer behaviors and motivations can be found in the German spirits market and in the tequila category?
- Are there any correlations between different buying situations and specific consumer profiles?
- Which specific consumer groups respond more likely to the consumption of tequila?

The first research question is approached by presenting the descriptive statistics resulting from the quantitative survey in order to further analyze the consumer behavior of spirits consumption. For example, the results consider the perception of quality and price of spirits among the respondents, or provide specific information about the consumption of tequila, such as frequency, way of consumption or reasons for consumption. From the demographic data, it is possible to distinguish between different profiles among the respondents of the survey.

A binary logistic regression is used to address the second research question. The method is utilized to model the probability of being a tequila consumer. A person may, or may not be a tequila consumer, and this is predicted by a model and based on one or more independent variables.

The third research question is addressed by applying a cluster analysis. The cluster analysis is used as a data analysis method to analyze if the respondents can be grouped into different profiles that show similarity, or rather internal homogeneity within certain groups. It is examined if objects such as respondents can be grouped to specific profiles as they show likeliness according to some predetermined criteria.

The dissertation is presented as follows. The following two sections of this chapter provide a brief overview about the global spirits industry and the tequila category with a focus of the German market and the alcohol consumption of young consumer. In the following chapter we identify the current state of literature on consumer behavior and relevant theory on the topic. We then briefly describe the methodology and sampling method. Afterwards we present the results of the data analysis including the application of a cluster analysis and a binary logistic regression. We finalize with the discussion of the main findings and conclusions with reference to the previous theoretical background.

## 1.2. Overview of the global spirits industry

In 2014, worldwide a total quantity of 254,9 billion liters of alcoholic drinks where consumed. Whereas by far the biggest part is beer (77,6%), spirits closed with a consumption of 21,6 billion liters and a share of 8,5%.

| **Spirits consumption historic forecast in '000 liters** | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| 1. | China | 5.577.044,5 | 5.925.603,0 | 6.337.647,6 | 6.766.664,8 | 7.203.889,4 | 7.641.933,8 |
| 2. | India | 2.616.287,3 | 2.714.236,4 | 2.815.922,0 | 2.921.173,8 | 3.029.414,6 | 3.139.850,6 |
| 3. | USA | 1.862.966,5 | 2.714.236,4 | 2.815.922,0 | 2.921.173,8 | 3.029.414,6 | 2.021.501,4 |
| ... | ... | ... | ... | ... | ... | ... | ... |
| 10. | Germany | 476.425,2 | 473.478,9 | 470.608,9 | 467.760,7 | 463.008,3 | 457.324,5 |

*Table 1 Spirits consumption historic/forecast total volume in ‘000 liters (Euro Monitor International, 2015)*

Table 1 shows an extract of the top ten countries of spirits consumption, including a forecast until 2019. China is the biggest spirits market with a total consumption of 5,58 billion liters in 2014, followed by India with a consumption of 2,62 billion liters and the USA with 1,86 billion liters. Germany was on rang ten with 0,47 billion liters in 2014 (Euro Monitor International, 2015).

Spirits are expected to see globally faster growth over the period 2014-2019 than over 2009-2014, leaving growth opportunities for players in the market. Historically, volumes reached a 2.5% CAGR[1] (2.5 billion liters) over the period 2009-2014, while in 2014-2019 volumes are expected to reach a 3% CAGR (3.3 billion liters), (Cunnington, Euromonitor International, 2016). Whereas the Chinese market will grow by 37% and the USA by 8,5% between 2014 and 2019, the German market is supposed to decline by 4% within that segment (Euro Monitor International, 2015).

Emerging markets are turning into key markets for the global spirits industry. They are becoming progressively important due to the increasing number of

[1] Compound Annual Growth Rate

consumers of spirits and the rapid growing number of imported brands. In China for example, the Chinese spirits market is outstripping the economy as well as natural population growth. Alcohol consumption in China, per capita is growing rapidly. In 2012[2] for example, total sales of imported spirits in China were 250% higher than in 2001 (IPSOS, 2013).

Premium spirits brands are continuing to further grow in developed markets. The premium spirits category is defined by the IWSR[3] as spirits with a retail value of USD 20,00 and above. In 2011 value of the premium spirits category increased by 21% worldwide, while standard spirits only grew by 12%. Furthermore, 88% of consumers consider spirits an affordable luxury (IPSOS, 2013). Premium brands are perceived by consumers as an affordable luxury and they seek quality over price. The premiumization is a journey for the consumer with a gradual progression from satisfaction of basic to higher needs. Affordable luxury is considered by the consumer as quality and value, and as worth to paying more for (Winchester Capital Research, 2014).

Sales of spirits in Germany show a minimal decline in volume compared to its previous years. The total consumption of spirits in Germany showed a total amount of EUR 15,4 billion in 2014[4], which is equivalent to 476 million liters of spirits sold. Compared to its previous year 2013, the consumption of spirits declined in Germany by 0,5%. Overall, the total consumption of spirits declined by 3% between 2009 and 2014. Premiumization remains a key driver of the German market, especially among imported products. Premium products benefit from a very strong attendance in bars in the main cities. Additionally, there is expected a growing demand from younger consumers. The trend to consume premium is dispersing from older and middle-aged to younger customers. Until 2019 the German spirits market is expected to shrink by 19,1 million liters to a total volume of 457,3 million liters, which is equivalent to a total market size of EUR 14,8 billion. The total decline of consumption in liters corresponds to 4% until 2019 with a CAGR of 0,8%. Without confirmed published numbers, between 2014 and 2015 the consumed quantity of spirits was supposed to already decline by 1,2%. Gin and whiskey will continue to be the most popular

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[2] Most recent available number

[3] International Wines and Spirits Record

[4] Numbers for 2015 are not published yet

categories with a CAGR of 2,2% of whiskey and 4,5% for gin which will end up with a total growth of 24,4% between 2009 and 2014 for gin.

## 1.3. Overview of the tequila category and its potential in Europe and especially Germany

As already mentioned, the consumption of tequila has successfully reinvented itself: from something sleazy to slam to something chic. Total exports have risen by 20 per cent in the last five years, with six per cent only in the past year (Financial Times, 2016). Recently an increase in M&A transactions could be observed, with global liquor corporations acquiring tequila distilleries for strengthening their position in the market[5] (Diageo, 2015).

Between 2009 and 2013 the worldwide tequila market grew with a CAGR of 4,2% and reached a total volume of 26,7 million sold 9 liter cases in 2013. It is forecasted that the tequila sector will further grow with a CAGR of 2.68% between 2014 and 2019, to reach 31,5 million 9 liter cases. Whereas in the US market for example, tequila has developed great the last year, in Europe tequila still could not live up to its potential. According to IWSR data, the US has consolidated its position as tequila's largest market with around 52% of global sales. Sales were expected to have reached 14,76 million 9 liter cases until 2014. Reports are stating a CAGR of 5.56% between 2009 and 2013 (PR Newswire, 2015).

As an example, in 2004, Americans bought just 513,000 cases of high-end tequila, but had purchased 2.39 million in 2014: a 365% increase. In the same time period for ultra-premium products, this corresponds to just 143% for vodka and 282%

[5] E.g. Diageo, a global leader in beverage alcohol, acquired in 2015 Tequila Don Julio in order to strengthens its position in the growing premium tequila segments with an already strong and well-positioned brand. Gaining full ownership and distribution rights for distillery, inventory and agave supply, provided Diageo with the ability to make investment decisions across supply, marketing, and innovation to support the continued growth of the brand, and become more competitive in the category.

for bourbon (Wilkin, 2015). The US has undergone a hype or a renaissance with plenty of new brands coming up from zero over the last couple of years, including the involvement of numerous of celebrities in the business, such as George Clooney, Justin Timberlake or P. Diddy (Bennet, The Huffingtion Post UK, 2014).

A worldwide tequila growth of 4% in 2014 is supposed to continue, driven by the two leading markets, the US and Mexico. In countries such as Brazil and China, even two-digit growth rates are expected (Cunnington, Euromonitor International, 2015). The Chinese market, for example, benefits from legislative amendments that allow 100% blue agave varietals being legally sold in the country and will enormously push sales of super premium and premium tequilas (Malandrakis, 2014).

In the last decade, especially the U.S. has seen a tectonic shift among consumers away from inexpensive mass brands toward artisanal, high-end products. In the industry, this movement is called premiumization, and there is no liquor riding the premiumization wave as high as tequila. The number of high-end tequila sold has soared in the U.S. 365% over 10 years, with prestige and prices also rising. The result has been even greater increase in sales measured by dollars (Fortune, 2015).

Whilst the U.S. is consolidating its position as tequila's largest market, forecasts for European markets are still somewhat cautious and less certain. However, an ongoing premiumization trend among all liquor types and a worldwide increasing popularity of high-quality tequilas are supposed to open new opportunities for Mexico's national drink in Europe as well. Interesting in this context is not only, how positive those prognoses in practice are, and which opportunities this development can bring along, but also which specific signals and exact predictions exist and how they correspond to current consumption patterns and consumers' behaviors.

Compared to the forecasted growth in other countries tequila, can not live up to its potential in the European and also the German market. The current consumer market is not yet adequately educated on tequila and as a result the spirit marketplace is missing its recognized potential. Although tequila remains to be a popular type of spirit in Germany, it is primarily consumed as a shot with lemon and salt, mostly in clubs where people purchase shot rounds. Contrary to its actual differentiation, German consumers only differentiate between silver and gold tequila, whereas silver tequila is more famous and therefore more consumed. Tequila needs to be differentiated among four different maturity levels[6], another signal for missing knowledge about tequila among the German consumers (Euromonitor International, 2015). Further, high quality brands are rare and most of the existing brands in the market are low-cost tequilas with the reputation of being cheap and badly tasting. Also marketing, brand image and design of the majority of the brands is outdated. Tequila in Germany turns out to be a difficult sale, as the majority of the German consumers are putting tequila in a cliché and associate, that “it’s about being sixteen and taking a shot with a lot of salt and a lemon in order to make up for the bad taste, including a headache the next day”. On the other side of the equation, a premiumization trend is also occurring in the tequila category of the German spirit market, which will support tequila to be perceived more positively and will provide a chance to demonstrate its potential, opening new opportunities as a high quality product. In addition to that, an increasing demand for tequila among female consumers provides chances for new flavors and types of tequila. The current status of tequila in Germany is being compared by market researchers to the situation of the US in the 1990’s. It will be a slow process to make high-end tequila mainstream and the key is to get the word spread, involving the major task to educate and inform consumers and bartenders about the indisputable facts that speak for tequila (Wilkin, 2015).

[6] The four principle tequila maturity levels; Blanco tequila: Bottled immediately after the distillation; Reposado tequila: Bottled after a minimum of three-month storage in barrels; Anejo tequila: Bottled after a minimum of a one-year storage in barrels; Extra-Anejo tequila: Bottled after a minimum of a three-year storage in barrels

# 2. LITERATURE REVIEW

The primary aim of this section is to understand the current state of literature on consumer behavior, and to identify relevant theories on the topic. We are specifically interested in the consumption behavior of alcoholic drinks by young consumers. The purpose is to provide theoretical background and foundational definitions for conducting our empirical study.

The literature review considers theoretical definitions of consumer behavior, and responds on factors that influence consumer behavior and on the process that explains how consumers make decisions. We also try to explore previous research on the correlation between different buying occasions and specific consumer profiles, although we found little evidence of research being conducted on this specific topic. Finally, we try to bring existing literature into the context with our empirical study by focusing on research papers about consumer behavior and consumption habits of alcohol consumption of young consumers.

## 2.1. Research on Consumer Behavior

For the purpose of developing an outline for the study of consumer behavior it is helpful to start by considering the development of the consumer research field. Brosekhan and Velayutham (2004) argue that consumer behavior emerged itself as being a distinct field of study during the 1960s, categorized by two paradigms, the positivist and the non-positivist. The positivist paradigm includes the economic, behavioral, cognitive, motivation and situational perspectives, which pre-date the emergence of the non-positivist paradigm. The non-positivist paradigm, which puts more weight on the symbolic dimensions of choice, embraces the interpretive and postmodern perspective, which emerged later during the post 1980 period (Brosekhan & Velayutham, 2004).

More recently, different researchers and authors have stated their definition and understanding of consumer behavior. Solomon, Russell-Bennett and Previte (2013) define consumer behavior as the study of how, what, when and why people buy. It includes the analysis and understanding of the decision-making process of a purchase, both individually and in groups. It is driven by individual motives that can be influenced or rather be evoked by factors such as demography, culture or society (Solomon, Russell-Bennett, & Previte, 2013).

Consumer behavior has always been of great interest to marketers and researchers. Understanding consumers helps marketers to gain knowledge about how consumers think and feel and how they are influenced by their environment. Brosekhan and Velayutham (2004) consider the study of consumer behavior as essential in the present marketing scenario as consumers are the “kings of markets” being increasingly more powerful, and all the activities of the business affairs aim at consumers’ satisfaction (Brosekhan & Velayutham, 2004).

Blackwell, Minar and Engel (2006) define consumer behavior as activities people undertake when obtaining, consuming, and disposing of products and services. Simply stated, consumer behavior has traditionally been thought of as the study of “why people buy” – with the premises that it becomes easier to develop strategies to influence consumers once a marketer knows the reasons people buy specific products or brands. Blackwell et al. (2006) distinguish between consumer influences such as culture, personality, motivation, income, attitude, ethnicity and values on one side, and organizational influences such as brand, advertising, promotions, price, service, quality and word of mouth on the other side (Blackwell, Miniar, & Engel, Consumer Behaviour 10th Edition, 2006).

Another definition is that consumer behavior consists of the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Gupta, 2009).

Fahy and Jobber (2012) draw a distinction between the purchases of private consumers and those of organizations. According to these authors’ definition, most consumer purchasing is individual, thought it also may be by a group such as a house hold. In contrast there is organizational or business-to-business (B2B) purchasing. They defined key questions, that can be answered by personal contact with customers and through market research, for understanding the behavior of this array of customers (Fahy & Jobber, 2012).

- *Who* is important in the buying decision?
- *How* do they buy?

- *What* are their choices?
- *Where* do they buy?
- *When* do they buy?

Consumer behavior is affected by cultural, social, personal and psychological characteristics, which cannot be controlled, but needs to be taken into consideration by marketers. Several authors, such as Kotler et al. (2005), Blackwell et al. (2006) and Solomon, et al. (2013), draw on this approach. All of them argue similar things and use a comparable way to define the factors that endow significant influence on consumer behavior. This includes, as specifically defined by Blackwell et al. (2006), *individual difference*s, such as demographics, values and personality, motivation, knowledge, attitudes, as well as *environmental influence*, such as culture, social class, family, and *psychological processes*, such as information processing, learning and attitude and behavior change (Blackwell, Miniar, & Engel, Consumer Behaviour 10th Edition, 2006).

Consumer behavior is further influenced by consumer needs and consumer personality. Yao et al. (2015) show under which influence personality is formed and how it is exhibited (Yao, Chen, & Xu, 2015). However, compared with McCrae (2000), they do not define consumer's self concept such as possessions that are reflecting on the image of a consumer, which is supporting the personality that is formed under the influence of both the congenital gene and the living environment (McCrae, et al., 2000).

## 2.2. Research on Consumer Decision-Making

Consumer decision-making result in buying and using goods and services. For this reason, marketers need a methodical and comprehensive way to understand the process of how and why consumers make decisions. Fahy and Jobber (2012) consider the effort to understand how consumers buy and what influences their buying decision as the core questions in the area of consumer behavior. It is a rich arena of study drawing on perspectives from disciplines as wide ranging as economics, psychology, sociology, cultural anthropology and others. As per their definition (see figure 1), Fahy and Jobber (2012) differentiate between four different types of decisions that consumers are engaged in. *Extended problem solving* highly involves the consumer in the purchase as there is a significant variance between the different brands including a high degree of information search and examination of alternative solutions by using many different choice criteria. Extended problem solving applies for more important purchases existing high potential of post-purchase dissatisfaction or cognitive dissonance. The type of *limited problem solving* defines a situation where the consumer already has experience with the product and information search mainly is conducted internally through the memory. A certain amount of external search still takes place, such as checking prices, just in order to consider and evaluate alternatives. *Habitual problem solving* describes low consumer involvement with a perception of limited differences between brands as repeated purchases occur and little or no evaluation of alternatives is being carried out. Consumers also engage in *variety seeking behavior* that characterize situation with low product involvement but significant perceived differences between the brands. In this case consumers are very accessible and receptive for alternatives. Price differences for example play a dominant role in the influence of the decision-making process (Fahy & Jobber, 2012).

| | |
|---|---|
| Extended problem solving | Habitual problem solving |
| Limited problem solving | Variety seeking behavior |

*Figure 1 Types of consumer decisions (Fahy & Jobber, 2012)*

Kotler et al. (2005) introduce a similar model and also draw a distinction among buying behavior as consumer decision-making varies with the type of buying decision. They differentiate between complex buying behavior, dissonance reducing buying behavior, habitual buying behavior and variety seeking buying behavior.

These vary with the level of involvement of the consumer, differences among the objects, frequency of purchase and learning process (Kotler, Wong, Saunders, & Armstrong, Principles of Marketing, 2005).

Fahy and Jobber (2012) also distinguish between buying decision process for consumers and organizations. Whereas the process for consumers is more simplified and typically based solely on five steps, the process for organizations is more complicated as it involves more complexity as items involve inevitable requirement specifications, order routines and performance feedback and evaluations. One of the most common and most cited models for looking into decision-making is the consumer decision process (CDP) model suggested by Blackwell, Minar and Engel (2006) and shown as a simplified version in figure 2.

The aim of the model is to analyze how individuals sort through facts and influences to make logical and consistent decisions. The process itself embraces seven different stages including variables that affect each stage. By understanding the stages in the consumer decision-making road map, marketers can understand why people are or are not buying products, and what can be done to get them to buy more or to buy from a specific supplier (Blackwell, Miniar, & Engel, Consumer Behaviour 10th Edition, 2006).

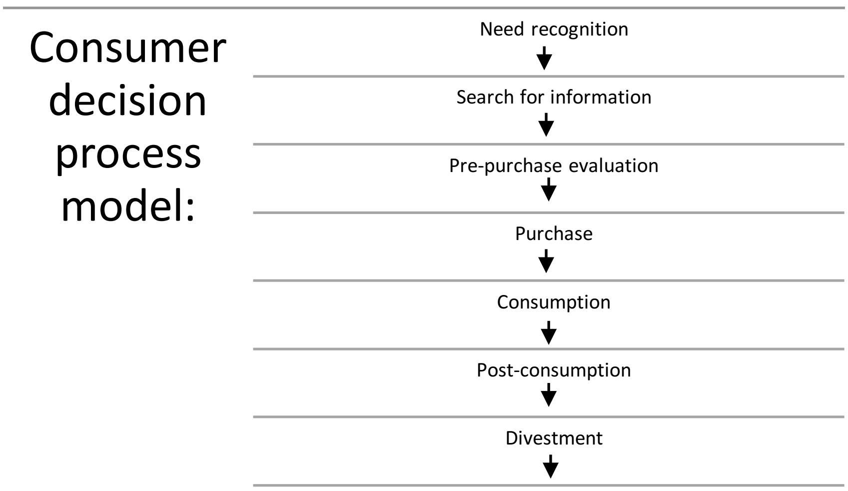


*Figure 2: Consumer decision process model (CDP) (Blackwell, Miniar, & Engel, Consumer Behaviour 10th Edition, 2006)*

## 2.3. Research on the Correlation between Buying Situations and Consumer Behavior

As mentioned above, only limited amount of research was found on the relationship between different buying occasions and specific consumer buying behaviors. Identified literature deals with price sensitivity within different purchasing situations or occasion and social aspects of the environment of different purchasing occasions.

Belk (1975) and Dickson (1982) were among the first who considered differences in individual person-situations into consideration while examining consumer behavior (Belk, 1975; Dickson, 1982). Given that Bearden and Woodside (1978) found that the the situation itself influences consumers' behavioral objectives when selecting a specific brand (Bearden & Woodside, 1976), researchers have investigated the consequences of situational influences on product assessment (Bone, 1995) (Stayman, Alden, & Smith, 1992), store choice (Mattson, 1982; Thelen & Woodside, 1997), and use of time (Hornik, 1982).

More recently Wakefield & Inman (2003) argue that research about the reaction of consumers to price has mainly been limited to the search of price information, evaluation of price alternatives, and individual purchase behaviors. The potential effect of situational influences, such as the consumption occasion or a social context on the price sensitivity of consumer have not been investigated (Wakefield & Inman, 2003).

Fun, satisfaction or enjoyment are considered as hedonic or emotional fulfillment and build the basis for consumers that purchase leisure activities and recreational services. In this case, hedonic is used to describe a good and/or a situation wherein consumption is mainly valued in regards of experiential manners (Batra & Ahtola, 1991).

Wakefield and Inman (2003) demonstrate in a study in the US, that the more hedonic the perceived consumption occasion for a product, the lower is the price sensitivity. They further show that a higher income situation supports an inferior price sensitivity for hedonic consumption occasions (Wakefield & Inman, 2003).

On the topic location of purchase, previous research demonstrates that the physical environment affects sales (Donovan, Rossiter, Marcoolyn, & Nesdale, 1994), time spent in stores (Grossbart, Hampton, Rammohan, & Lapidus R.S., 1990), perception of the service experience (Bitner, 1992), satisfaction (Doyle & Broadbridge, 1999), dissatisfaction (Morrin & Ratneswhar, 2000), product choice (Buckley, 1991), and customer retention (Babin & Attaway, 2000). Tomb & McColl-Kennedy (2003) argue that previous research only focuses on physical elements in relation to environmental aspect of a purchase occasion. Social influences on the other side have been largely neglected. No study to date proposes a conceptual model that incorporates social aspects, specifically integrating people and emotions. To fill in this gap, Tombs and McColl-Kennedy (2005) consider customers' social behavior and developed a concept of emotional consideration to explain how the social environment stimulates customer emotions by introducing the notion, that the occasion may set tacit social rules that predetermine customer behavior. According to the authors, additional value for consumers can be formed when sharing the consumption experience. Different occasion can set social standards that allow for a close proximity to others and high expression of emotions. Therefore, place and purchase occasion affect customer's behavior, including social factors such as showing emotions including interpersonal relationship between customers (social density) (Tombs & McColl-Kennedy, 2003).

## 2.4. Research on Alcohol Consumption of Young Consumer

Preferences for particular alcoholic beverages are associated with different drinking patterns (Kuntsche, Knibbe, Gmel, & Engels, 2006). For example, beer and spirits consumers tend to show higher alcohol intake and are more exposed to alcohol related problems, than people who prefer other beverages (e.g. Gmel, Truan, & Francois, 1999; Jensen, Andersen, & Sorensen, 2002; Gronbaek, Jensen, & Johansen, 2004). There are some individuals who may favor spirits in comparison to other beverages such as beer or wine, because in spirits the alcohol concentration is higher than in those other beverages, allowing individuals to experience the effect of alcohol quicker (Smart & Walsh , 1995). Beer consumption on the other hand, was also considered being related to risky drinking among young adults (Clapp & Shillington, 2001; Kuntsche E. , 2001). Being rather cheap result of low tax rates and cost-efficient brewing processes, it is assumed that beer is preferred by young consumers for getting on a limited budget. Wine drinkers, on the other hand, were described as better educated with moderate drinking habits, such as lower risk of becoming heavy and excessive drinkers compared to beer or sprits' consumer (Klatsky, Armstrong, & Kipp, 1990; Gronbaek, Jensen, & Johansen, 2004).

Kuntsche et al. (2006) investigated whether the association between beverage (beer, spirits, wine, and alcopops) preference and adolescent alcohol use (drinking levels and risky drinking occasions) is mediated or moderated by drinking motives (enhancement, social, conformity, and coping). In this context, mediation indicates that drinking motives are the explanatory mechanism underlying the association between the beverage of choice and alcohol use. Moderation would imply that particularly high drinking levels and risky drinking occasions are expected among those who preferred a certain beverage and score high on a given drinking motive. Apart from associations between beverage preference and alcohol use, motives behind adolescents' preference for a particular beverage, i.e. whether a particular beverage is better suited to achieve valued outcomes, were also investigated. The results show that certain adolescents, especially those who preferred to consume beer and spirits but not wine and alcopops, like to enjoy, have fun by feeling the effects of alcohol and getting drunk. It may seem that these adolescents consider spirits as the most effective way to achieve the desired effects, and beer as the cheapest way for that achievement. Kuntsche et al. (2006) further conclude that drinking motives are potential explanatory factors for the association between beverage preference and alcohol use, and that prevention approaches should be put into place, especially for adolescents who show a preference for spirits consumption (Kuntsche, Knibbe, Gmel, & Engels, 2006).

Parsons and Stephenson (2013) conducted a research that aimed at establishing the effect of price and alcohol content on the expected levels of alcohol consumption by young consumers. The effects of changes in price and alcohol content on behavioral intention were examined among young Australian and New Zealand consumers. To test the hypothesis, researchers constructed an experiment in 2010 on 74 New Zealand university students and 81 Australian university students between 18 and 25 years. It appears that there was no statistically significant support for price affecting consumption levels in New Zealand or Australia. The price changes (up to 25%) in the scenarios did not provoke a significant change in expected purchase in either country. This could also mean that price change thresholds, where young consumers would change their consumption behavior, could not be reached throughout the consumption and only more significant price changes might provoke any changes. However, it could also mean that the consumers would not change their consumer behavior with even much larger price changes then 25%. There were also no statistically significant results on how different levels of alcohol content changes expected purchases (Parsons & Stephenson, 2013).

In their article, Gunter, Hansen and Touri (2009) provided research findings of how the alcohol advertisement influences the alcohol consumption of the young people. The paper demonstrates the results of the survey carried on 298 young adults aged 17-21 from Leicester, UK, where they were answering the questions about their preferences in terms of alcohol products consumption, how often they saw the alcohol advertisement and about other relevant factors which might influence drinking habits of young adults, such as frequency of drinking the alcohol by their friends and parents. The self-reported alcohol consumption was made upon some specific products such as beers, cider, designer drinks, spirits, and wines. The research questions addressed whther the level of exposure to alcohol advertisement correlated with the frequency of alcohol consumption and consumption of some specific alcohol products, and if there was any difference between male and female considering this factor. Using the collected data, the researchers made a regression analysis with the frequency of the alcohol consumption as a dependent variable. Regression results showed that the connection between the level of exposure to the alcohol advertisement and frequency of general alcohol consumption was not significant, but still, such factors as parents or friends drinking alcohol had an impact on alcohol consumption among young individuals. Moreover, the research showed that among analyzed alcohol products, only consumption of cider and alcopops appeared to be influenced by the TV advertisement. Another finding was that frequent alcohol consumers reported that they were more likely to purchase the most advertised brands of cider and alcopops. In addition, research showned gender difference between the consumers, where exposure to alcopops TV advertisement by male consumers predicted the level of their alcohol consumption. Generally, the research proved that the TV advertisement has a weak influence on drinking habits and different impact depending upon the types of alcohol products. To conclude, according to the research findings, the spirits' advertisement might increase the consumption of some particular brands, but will not attract new consumers (Gunter, Hansen, & Touri, 2009).

Sancho et al. (2011) provided further analysis on how socialization agents such advertisement, peers and parents impact the youth alcohol consumption. They made a survey among 304 high school and 363 university students from Spanish aged between 15- to 25-year-olds where they were asked to complete the self-administered questionnaire. The research proved previous findings by Gunter, Hansen and Touri (2009) that peers and parents have an influence on the frequency of the alcohol consumption of young adults, still, the influence of parents is considerably lower. The impact is mostly referred to the negative expectations towards the brand. Moreover, according to the data analysis' results, there is a significant relationship between the frequency of the alcohol advertisement and positive expectations from the brand, but still this relationship is significant only for the high school students (Sancho, Miguel, & Aldas, 2011).

Purves, Stead and Douglas (2014) focused their research on the perception of the alcohol packaging by the young people and how they are exposed towards the online advertisement on the internet. This research was based on observing the behavior of young adults on the internet and conducting focus groups with them. The research findings indicate that young adults perceive the alcohol brand as an identity to their personality and provide them with the sense of belonging to some particular social group that consists of the consumers with same alcohol brand preferences. In case of brand labeling and packaging, consumers perceived themselves as a reflection of brand values which they related with their personality. In general, alcohol brands and their consumption helped young consumers create the desired image of their personality and expose it to the society around. Young people also expressed the opinion that the observation of some particular alcohol advertisements was perceived by them as a communication with their peers, instead of simply with the corporations. These findings underline the higher level of young adults' exposure towards messages delivered by the alcohol brands when the consumers develop the emotional connection to them instead of a rational attitude within the purchasing process (Purves, Stead, & Douglas, 2014).

Marinelli (2013) researched the communication specifies of the marketing campaigns conducted by alcohol producers that targets young consumers. They conducted a research among 430 consumers between 18 and 35 years old. Respondents were originating from Tuscan region of Italy, which is considered to be the region with high level of alcohol consumption. It was conducted in the form of survey where respondents were asked to relate the antithetical attributes, such as happiness, price, comfort, age, intimacy relaxation, modernity, socialization, etc., to various types of the alcoholic drinks, such as beer, spirits, wine, etc. The research showed that alcohol products among the young consumers were mostly associated with such values as socialization, good time spending, happiness, and being trendy. In particular, spirits were mostly consumed during the weekend or in the evenings. The most frequent place of spirits consumption were discos and night clubs. Moreover, according to the survey results, spirits are mostly associated with such antithetical attributes as “young”, “social”, “euphoric”, “happy” and “trendy”. The customers’ segmentation and consumers’ attitude towards various beverages differ on the basis of socio-economic characteristics (Marinelli, 2013).

Drinking habits of the young consumers were also researched by Riviezzo et al. (2011). The authors focused on wine market segmentation. They made interviews with 630 wine buyers and consumers and on the basis of their responses the researchers performed a cluster analysis to carry out a market segmentation. Apart from socio-demographic features, they took a wider range of factors that influence the purchase decision of the consumers, such as perception of need, where the consumers receive the information about the product from, how they evaluate the alternatives and on which occasion they normally use the product. According to the results received, researchers were able to define 4 segments of the consumers, namely home hedonists, image-oriented drinkers, eclectic consumers and conservative consumers. They found that the image-oriented drinkers are mostly represented by young people aged less than 34. Their drinking habits are mostly characterized by the consumption of wine at restaurants and in public places. This cluster is mostly driven by the image which their alcohol consumption is making on others as for them drinking wine is a “status symbol”. This type of the consumers puts also a lot of attention on the place of origin of the products and combination with food. Their purchase decision is mostly driven by opinion leaders or professional sommeliers (Riviezzo, De Nisco, & Garofano, 2011).

Spielmann et al. (2016) continued researching habits of the wine consumers and focused on young people. In their study, the researchers present the survey results made on the panel of French students in 2014, where they were asked to evaluate different wine traits on the basis of seven-point Likert scale. Findings suggest that Millennial consumers show two dimensions of consumption behavior, namely social and a philosophical. This means that young alcohol consumers prefer to drink wine both for socially driven purposes and the philosophically determinate product values. Researchers claim that Millennial consumers, value such product attributes of wine as philosophical, experiential, and intellectual (Spielmann, Babin, & Verghote, 2016).

# 3. METHODOLOGY

In this chapter, we introduce the sampling procedure adopted for conducting the data collection, and finally we briefly explain the models that were applied to evaluate and analyze the collected data.

## 3.1. Sampling

In order to analyze the German spirits market for young consumers and the tequila category, a survey was conducted. The original purpose of the survey was to analyze the consumer behavior and buying criteria of young German tequila consumers in order to identify potential for a new tequila brand in the German market. The survey consists of three different parts.

The survey was designed with a platform program called Qualitrics[7] and it was made available to respondents as an online survey accessible through a web link. The link was mainly made available and set to respondents through social media platforms such as Facebook. In total the survey as started 223 times, but it was completed only 153 times.

The descriptive statistics results in table 2 show that the sample consists of 69,9% male and 30,1% female respondents. Generally, we targeted young consumer. The age of the respondents ranges between 18 years and 37 years with a mode of 25 what represents 22% of all the respondents. The sample has almost the same amount of employed people (47,7%) as students (50,3%). The remainder of the sample size is categorized as “other” and consists of only 2,0%, which could be for example unemployed or any other kind of specific information. Due to the use of a convenience sample of students, the ability to generalize the results is to some extent limited. Therefore, conclusions about financial situations and buying power

[7] The Qualitrics Insight Platform makes sophisticated research simple and empowers users to capture customer market and employee insights in one place. Qualitrics is a private research software company, based in Provo, Utah. The company was founded in 2002 by Scott M. Smith, Ryan Smith, Jared Smith and Stuart Orgill.

need to be handled carefully.

Respondents were given a choice of six different income groups that relate to their monthly income. Income is meant to be a salary, financial support from parents, and/or scholarships. The respondents also had the choice to not provide any information disclosing their income levels. The income levels of the respondents are distributed as tabulated in in table 2. The largest distribution falls in the income range between 501,00 € and 1.000,00 € which correlates to 26,1% of the respondents.

| **Demographic profile** | **Frequency** | **Percentage** |
|---|---|---|
| *Gender* | | |
| Female | 46 | 30,1% |
| Male | 107 | 69,9% |
| *Age (Mode=25; Min=18; Max=34)* | | |
| 24 and younger | 32 | 20,9% |
| 25 | 34 | 22,2% |
| 26 | 25 | 16,3% |
| 27 | 11 | 7,2% |
| 28 | 15 | 9,8% |
| 29 and older | 36 | 23,6% |
| *Profession* | | |
| Student | 77 | 50,3% |
| Employed | 73 | 47,7% |
| Other | 3 | 2,0% |
| *Income* | | |
| < 500,00 | 15 | 9,8% |
| 501,00 - 1.000,00 | 40 | 26,1% |
| 1.001 - 1.500 | 25 | 16,3% |
| 1.501,00 - 2000,00 | 9 | 5,9% |
| 2.001,00 - 3.000,00 | 34 | 22,2% |
| > 3.000,00 | 17 | 11,1% |
| Not willing to provide information | 13 | 8,5% |

*Table 2 Descriptive statistics results: Demographic profile*

The data is further analyzed in chapter 4. The results are shown as descriptive statistics, further a cluster analysis and a binary logistic regression (Hair et al., 2008) are applied.

## 3.2. Methods for data analysis: Cluster analysis and binary logistic regression

This chapter gives a short introduction about the data analysis methods used in this paper.

The binary logistic regression is used to model the probability of being a tequila consumer. It is used, for instance, to predict predicts the probability that a person is a tequila consumer, based on one or more independent variables. In this type of regression, a binary response variable is related to a set of explanatory variables, which can be discrete and/or continuous (Hair, Anderson, Tatham, & Black, 1998).

A cluster analysis is used to identify groups of sample units that are homogenous according a set of variables. In this sense, cluster analysis classify objects such as respondents, so that each object is very similar to others in the cluster with respect to some predetermined criterion (Hair, Anderson, Tatham, & Black, 1998). The resulting clusters of objects should demonstrate high internal[8] homogeneity and high external[9] heterogeneity (Dorfman, LaPlante, Pozdnyakova, & Li, 2015).

For this dissertation, the Ward's method, which is part of the agglomerative hierarchical clustering procedures, has been used.

In general, this procedure identifies clusters internally more homogenous in terms of the variability of the variables than other options as single, centroid mean distance procedures (Hair, Anderson, Tatham, & Black, 1998).

The results of a hierarchy procedure may be shown in a graphical construction called dendrogram, which is a representation, such as a tree graph. Each object is arrayed on one axis, and the other axis portrays the steps in the hierarchical procedure, identifying how distant is the object (or groups) from other objects (or groups). The dendrogram shows graphically how the clusters are combined at each step of the procedure until all are contained in a single cluster (Mooi & Sarstedt, 2011).

Theoretically, in Ward's method the distance between two clusters is the sum of squares between the two clusters summed over all variables. At each stage in the

[8] Within-cluster.

[9] Between-cluster.

clustering procedure, the within-cluster sum of squares is minimized over all partitions (the complete set of disjoint or separate clusters) obtainable by combining two clusters from the previous stage. This procedure tends to combine clusters with a small number of observations (Amorim, 2015).

# 4. DATA ANALYSIS

## 4.1. Descriptive statistics results

This paragraph first presents the most significant descriptive statistics results about alcohol consumption in order to provide information about consumer behavior of spirits and tequila in particular. The analysis is followed by the results of the cluster analysis and the linear regression.

### 4.1.1. Spirits in general: Perception of quality & price

Respondents were asked to rank different characteristics which stand for the quality of a spirit. They could choose between the three items *soft taste, special fabrication procedure or minor hang-over consequences after consumption.* In addition to that, the respondents had the possibility to specify in words other characteristics if relevant for them.

| # | Answer | Ranked 1st | Ranked 2nd | Ranked 3rd | Ranked 4th | Total Responses |
|---|---|---|---|---|---|---|
| 1 | Soft taste | 62% | 27% | 10% | 1% | 100% |
| 2 | Special fabrication procedure | 6% | 16% | 72% | 6% | 100% |
| 3 | Minor hang-over consequences after the consumption | 28% | 55% | 14% | 3% | 100% |
| 4 | Others (please elaborate briefly) | 4% | 2% | 4% | 90% | 100% |
| | **Total** | 100% | 100% | 100% | 100% | - |

*Table 3 Quality perception of alcoholic beverages*

As per table 3 we can identify that a soft taste is leading the ranking of the perception of quality in a spirit. In total 62% of the respondents ranked soft taste on rank 1 in order to answer the question what represents quality in a spirit. For the 2$^{nd}$ rank 55% of the respondents confirmed minor hang-over consequences after the consumption. And on rank 3 most of the respondents, 72%, placed a special fabrication procedure.

In another question, respondents were asked to rate the importance of price and quality in relation to a specific occasion. Here one of five different characteristics had to be chosen. The characteristics ranged between *price is much more important than quality* to *quality is more more important than price,* including the possibility to choose a neutral attribute within the range.

As shown in figure 3 there is a tendency that quality dominates price in bars and cozy evenings. During a cozy evening with friends 48% of the respondents consider quality of the drink more important than the price. 22% rate it as much more important and 26% as equal. At a bar, 43% consider quality and price equal weighting, but there are more people who think quality is more important than price (28%) than people who think price is more important than quality (only 17%).


*Figure 3 Quality vs. price dependent on a specific occasion*

Alternatively, at clubs and for warm-ups there is a tendency that price weighs more than quality. At a nightclub, 40% of the respondents consider the relationship between price and quality as equal weighting. But the emphasis is clearly on the price advantage as 34% consider price more important and even 16% consider it as much more important. For a warm up or private party the relationship of price and quality is balanced with a slight tendency for respondents to prefer price over quality. 34% consider the importance as equal. 29% indicate that the price is important and

10% that the price is very important. The results reflect the same characteristics among gender differences in relation to the perception of quality versus price.

Generally, for all respondents we can observe that there is a tendency that the importance of price predominates over quality in the occasions of night clubs and private parties. For bars or cozy evenings, we observed the opposite, with quality dominating over price. Looking into different income groups, we can identify different traits among these groups. As expected, respondents with a higher income value quality more than price.

For example, in a bar 30% of the respondents with less than 1.000,00 € income per month state either that “price is very important” or “price is a bit more important than quality”. On the other side, 41% consider the relation as equal and 29% consider that “quality is a bit more important than price” or that “quality is very important”. So there is a very small overweight for the tendency of preferring price over quality. Looking at the people with an income of 1.000,00 € or more per month it can be identified that the overweight is on the other side and clearly focused on quality. On average only 19% state either that “price is very important” or “price is a bit more important than quality”. But 44% consider the relation as equal and 37% consider that “quality is a bit more important than price” or that “quality is very important”.

When asked how much money the respondents would spent for buying a bottle of their favorite spirit for a private party, 78% named a value between 10,00 € and 20,00 €. The median of the values is 18,00 € and the mode is 15,00 €. The minimum value is 5,00 € and the maximum value that was named is 100,00 €.

In Appendix IV additional descriptive statistics results are shown describing the purchase of alcoholic beverages dependent on different occasions and the ranking of different buying criteria's.

### 4.1.2. Tequila consumption

Respondents were asked how often they consumed tequila. The majority, 55% of the sample, consumes tequila only 1-2 times a year, 23% consume it every 2-3 month and only 6% once a month and 14% never consume tequila. Only 1% consume tequila more than once per month.

Grouping the possible answers that specify the frequency of tequila consumption allows to observe a clearer distinction among different demographic characteristics. In table 4 the frequency of tequila consumption had been grouped in *1-2 times per year or less* and *2-3 times per month or more.* Taking this distinction into consideration the following observations among different demographic characteristics can be identified:

| | Frequency of tequila consumption | |
|---|---|---|
| | 1-2 times per year or less | 2-3 times per month or more |
| **Female** | 78% | 22% |
| **Male** | 63% | 37% |
| **Employed** | 74% | 26% |
| **Students** | 62% | 38% |
| **Income less or equal than 1.000,00 €** | 59% | 41% |
| **Income more than 1.000,00 €** | 73% | 27% |

*Table 4 Frequency of tequila consumption for different demographic profiles*

While only 22% of the female respondents consume tequila 2-3 times per month or more, a share of 37% of male respondents show the same characteristics. Considering differences in the profession status, we can observe that only 26% of the employed respondents show this consumption frequency, and 38% of the respondents which are students on the other side. Considering different income situations, the results show that only 27% of the respondents, with an income of more than 1.000,00 € per month, consume tequila 2-3 times per month or more. On the other hand, 41% of the respondents with an income with less than 1.000,00 € show the same characteristic.

Table 5 shows different consumption patterns and answers the questions how respondents usually consume tequila, why they consume tequila and what would be reasons that avoid the consumption of tequila. When asked to select different types of how respondents usually consume tequila, 94% stated that they prefer taking tequila as a shot. 27% mentioned that they prefer to consume tequila in a cocktail, 9% as mixed drink with another beverage. Female consumers prefer to consume the softer versions of tequila such as cocktails and soft drinks. Whereas a total 97% of male consumers usually consume tequila as shot, only 86% of female consumers show the same behavior. On the other side, 38% of female consumers usually have tequila in a cocktail, only 23% of male do.

Being asked to select one or more reasons why tequila is being consumed, 76% of the sample consumes tequila in order to light up the atmosphere or mood in occasion such as nightclubs or parties. Only 26% like tequila as an ingredient for cocktails, what can be interpreted as lost potential of tequila. Further, only 10% of the sample likes the tequila taste and only 5% think tequila is hip. There are no significant differences being observed among different gender and professions in regards to these criteria. For example, 76% of male and 73% of the female consumer use tequila in order to push the atmosphere, for both gender types 11% indicated that they like the pure flavor of tequila and 24% of males and 27% of females like tequila as an ingredient for a cocktail.

| | **The way tequila is consumed** | | | |
|---|---|---|---|---|
| | Pure "on the rocks" | As cocktail | As mixed drink | As shot |
| **Complete sample** | 1% | 27% | 9% | 94% |
| **Female** | 0% | 38% | 14% | 86% |
| **Male** | 1% | 23% | 7% | 97% |
| | **Reasons for tequila consumption** | | | |
| | Light up the atmosphere | Like the taste of tequila | Like tequila as ingredient for cocktail | Tequila is hip |
| **Complete sample** | 74% | 11% | 26% | 5% |
| **Female** | 73% | 11% | 24% | 0% |
| **Male** | 76% | 10% | 27% | 7% |
| | **Reasons to avoid tequila consumption** | | | |
| | I do not like the available brands in Germany | I do not like the taste of tequila | I do not like the way you consume tequila | None of the mentioned |
| **Complete sample** | 23% | 51% | 13% | 23% |
| **Female** | 9% | 52% | 17% | 23% |
| **Male** | 29% | 47% | 12% | 23% |

*Table 5 Different consumption patterns among gender differences*

The strongest reason why people would not consume tequila is that they do not like the taste of tequila, 51% of the respondents agreed with that statement. Also 23% confirmed the statement that they do not like the brands that are available in Germany and 13% do not like way or manner tequila is consumed. Further 23% did not agree to any of the statements and 13% mentioned other reasons such as that they generally do not drink a lot of alcohol, they have bad experiences with tequila, they get too fast drunk or sick from tequila or that they fear an immense hangover the day after. There are no significant differences to be identified among different gender classes. Only slightly female consumers stated that they do not like the taste of tequila (52% female vs. 47% male) and that they do not like the way tequila is usually being consumed (17% female vs. 12% male). The only relevant difference between male and female consumers is that 20% more of the male consumers do not like the available brands in Germany. In total 29% male consumers stated that and only 9% of the female consumers.

## 4.2. Cluster analysis

The cluster analysis was proposed as a data analysis method to analyze if the respondents can be grouped into different profiles that show similarity, or rather internal homogeneity within their groups. The defined research question tries to identify if different buying situations lead to different consumer behavior. In this concrete case, two assumptions where verified:

- The identified profiles or cluster show different characteristic, in regards to quality versus price among different purchasing occasions.
- The identified profiles or cluster show differences in the perception of quality between them.

The variables included in the cluster analysis are set as follows:

- Variable Q6 describes the distinction between four different possible characteristics that respondents perceive as quality in a spirit drink. The four characteristics are defined as *soft taste, special manufacturing process, minor hangover and others.* The variable Q6 specifically states which of the characteristics has been placed on the first rank by the respondents.

- The variables Q7PRIVPAR, Q7COZY, Q7BAR and Q7CLUB represent the four occasions private party, cozy evening, bar and club. Respondents were asked to rate the importance of price and quality depending on the occasion. Within that rating, respondents described the relationship between price and quality as (a) price is more important than quality or (b) price and quality are equally important or (c) quality is more important than price.

### 4.2.1. Cluster group definition

Appendix I shows the detailed distribution of the variables that were included in the cluster analysis. In order to provide a more demonstrative and descriptive evaluation, table 6 has been created. This table shows the variable Q6 and all the different variables of Q7, including their distribution among the four cluster groups. For a simpler and more visual realization of the results, symbols were added to the tabulation for the Q7variables. Therefore, the symbols provide, in form of a tendency indication, a visual classification of the relationship between price and quality. As exhibited in the bottom of the table, they either show a clear attribution, a weaker tendency or an indifferent perception of the characteristic.

| | | CLUSTER GROUP | | | | |
|---|---|---|---|---|---|---|
| Variables included in cluster analysis | | Deal seeking | Price preference | Hangover avoiding | Quality seeking | Chi-square |
| **Q7** | **Characteristic** | **Group 1** | **Group 2** | **Group 3** | **Group 4** | |
| **Q7PRIVPAR** | Price | 51.6% | 45.5% | 43.2% | 17.6% | **p=0.001** |
| | Indifferent | 45.2% | 29.5% | 29.5% | 35.3% | |
| | Quality | 3.2% | 25.0% | 27.3% | 47.1% | |
| **Q7COZY** | Price | 6.5% | 0.0% | 6.8% | 0.0% | **p<0.001** |
| | Indifferent | 93.5% | 0.0% | 29.5% | 0.0% | |
| | Quality | 0.0% | 100.0% | 63.6% | 100.0% | |
| **Q7CLUB** | Price | 54.8% | 61.4% | 61.4% | 14.7% | **p<0.001** |
| | Indifferent | 38.7% | 38.6% | 38.6% | 50.0% | |
| | Quality | 6.5% | 0.0% | 0.0% | 35.3% | |
| **Q7BAR** | Price | 38.7% | 25.0% | 22.7% | 0.0% | **p<0.001** |
| | Indifferent | 45.2% | 65.9% | 61.4% | 0.0% | |
| | Quality | 16.1% | 9.1% | 15.9% | 100.0% | |
| **Q6** | **Characteristic** | **Group 1** | **Group 2** | **Group 3** | **Group 4** | **p<0.001** |
| | Soft taste | 100.0% | 97.7% | 0.0% | 67.7% | |
| | Special manufacturing process | 0.0% | 0.0% | 20.5% | 0.0% | |
| | Minor hangover | 0.0% | 0.0% | 72.7% | 29.4% | |
| | Others | 0.0% | 2.3% | 6.8% | 2.9% | |
| Legend | Slight price preference | | Clear price preference | | Indifferent perception | |
| | Slight quality preference | | Clear quality preference | | | |

*Table 6 Distribution of variables Q6 and Q7 which are included in the cluster analysis*

Whereas group 1 and 4 are exhibiting a clearer attribution to either price or quality, group 2 and 3 show quite similar profiles and a tendency to the price characteristic. The profiles of the cluster groups can be described and defined as follows:

- **Group 1: Deal Seeking**

Generally, group 1 represents among all four clusters groups, the profile which focuses mostly on price. Therefore, it is assigned with the description of *Deal Seeking* with the additional characteristic (of Q6) that 100% of the respondents included in this profile perceive a soft taste as quality of a spirit.

The profile exhibits a price focus for almost all variables within Q7, in other words for almost all occasions. It is only for the variable Q7COZY, which stands for a situation of a cozy evening and quality time with friends, predestinated for a quality focus, consumers with this profile does not exhibit the price focus. However, at least 93,5% of the sample within that cluster group considers the relationship between quality and price as equally important. In addition to that, 6,5% of the respondents within that profile still prefer price instead of quality. Another conspicuity compared to the other cluster groups occurs for variable Q7CLUB. Although the overall focus of the *Deal Seeking* profile lies on price, it does not show the highest share of price importance compared to the other groups for the variable Q7CLUB. With 54,8%, the share is inferior compared to group 2 and 3 with 61,4% of the respondents stating that price is more important than quality in a club for them.

- **Group 2: Price Preference**

First of all, it is worth mentioning that the profiles of cluster group 2 and 3 are quite similar to each other. Their behavior within the Q7 variables show throughout the majority of the variables a tendency to prioritize price instead of quality. It is only for variable Q7COZY that both groups focus on quality, and group 2 shows a stronger preference (100%) than group 3 (63,6%). Regarding this profile's overall tendency towards price, the profile of group 2 was named as *Price Preference.* The difference within the perception of quality in regards to Q6 between group 2 and 3 is quite obvious. Almost 100% of the respondents clustered in group 2 state that a soft taste stands for quality of a spirit

- **Group 3: Hangover Avoiding**

Although group 3 shows quite similar behavior among the Q7 variables as group 2, it differentiates itself by a different characteristic within Q6. The significant difference of the characteristic of variable Q6 compared to the other groups is the reason why group 2 was assigned with the description *Hangover Avoiding.* Group 3 includes respondents who did not rank soft taste on the first place by characterizing quality of a spirit. In contrast 72,7% ranked minor hangover effects on the first place, 20,5% a special manufacturing process and 6,8% specified another criterion.

- **Group 4: Quality Seeking**

Among all cluster groups, profile 4 shows the biggest focus on quality and has been named *Quality Seeking* result from its behavior across the Q7 variables. The *Quality Seeking* profile shows, without any exception for variables within Q7, a focus on quality. For Q7COZY and Q7BAR even 100% of the respondents consider quality more important than price.

For Q6 the majority of the respondents within the profile still perceive soft taste as a high quality attribute for a spirit (67,7%). Also 29,4% consider that minor hangover effects stand for quality within a spirit and 2,9% specified another criterion.

### 4.2.2. External variables for further distinction between the different cluster profiles

In order to identify further differences between the individual cluster groups the following external variables had been taken into consideration and applied:

- Tequila consumption with $V_1$=0 for no purchase of tequila and $V_1$=1 for purchase of tequila within one of the four occasions *private party, cozy evening, bar or club.*
- Gender with $V_2$=0 for male and $V_2$=1 for female.
- Profession with $V_3$=0 for students and $V_3$=1 for employed people.
- Age of the respondents with $V_4$ as numerical variable.

Appendix II includes the detailed distributions of the above mentioned external variables. As shown in table 17 in Appendix II, the variable $V_4$ age does not show any significant distinction between variable and can be excluded. The means of the age are between 26,34 and 26,75 among the four groups and do not really differ. The difference is too small in order to draw a conclusion for that variable.

Table 7 below exhibits a short summary of the results for variables $V_1$, $V_2$ and $V_3$. The cluster groups show slight differences among the different external variables. Cluster group 1, describes as *Deal Seeking,* shows with only 25,8% the lowest share of respondents who mentioned that they would purchase tequila in one of the four mentioned occasions of private party, cozy evening, bar or club. The profile also includes with 39,3% the highest share of female consumers among the four profiles. Hence, the profile which shows the lowest purchase of tequila, includes the biggest share of female consumers among the four profiles. Further, the profile exhibits with 57,1% more employed people than students.

| | | **CLUSTER GROUP** | | | | |
|---|---|---|---|---|---|---|
| **External variables** | | **Deal seeking** | **Price preference** | **Hangover avoiding** | **Quality appreciation** | **Chi-square** |
| **Variable** | **Characteristic** | **Group 1** | **Group 2** | **Group 3** | **Group 4** | |
| **V1; Tequila** | 0=no purchase | 74.2% | 56.8% | 61.4% | 73.5% | **p=0.279** |
| | 1=purchase | 25.8% | 43.2% | 38.6% | 26.5% | |
| **V2; Gender** | 0=male | 60.7% | 79.5% | 70.0% | 71.0% | **p=0.385** |
| | 1=female | 39.3% | 20.5% | 30.0% | 29.0% | |
| **V4; Profession** | 0=student | 42.9% | 52.3% | 52.5% | 51.6% | **p=0.852** |
| | 1=employed | 57.1% | 47.7% | 47.5% | 48.4% | |

*Table 7 Distribution of external variables among four clusters*

The second group, the *Price Preference* profile, shows with 43,4% the highest share of respondents who mentioned that they would purchase tequila in one of the four mentioned occasion. Differently from profile 1 described above, the Price Preference profile also shows the highest share on male consumers (almost 80,0%). The majority of respondents included in this profile are students (53,3%). Group 3 and group 4 have a very similar gender and profession distribution. Whereas group 3 represents, with 38,6%, the profile that comes second in terms of respondents which are purchasing tequila, group 4 only has 26,5% of the respondents who purchase tequila.

## 4.3. Binary logistic regression

The logistic regression model was used as a data analysis tool to identify segments that are more likely to respond certain actions. In our research context, the aim was to identify segments or rather groups of respondents, that were more likely to respond to the consumption of tequila.

### 4.3.1. Definition variables

We designed and ran one binary logistic regression model for the collected data. The dependent variable[10], considered as the variable being predicted or explained by the set of independent variables, is introduced and defined as *Y=Tequila consumer. Y* is characterized by either Y=1 for success or Y=0 for failure. A tequila consumer with Y=1 is defined as a respondent who confirmed that he purchased tequila in at least one of the four occasions that had been introduced in the descriptive statistic part: *private party, cozy evening, bar or club*. A dependent value with Y=0 means that the respondents did not confirm any purchase of tequila in one on the above mentioned occasions.

Further the following independent variables (predictors)[11] where defined:

- Gender with $V_1$=0 for male and $V_1$=1 for female.
- Profession with $V_2$=0 for students and $V_2$=1 for employed people.
- Income with $V_3$=0 for less than 1.000,00 € income per month and $V_3$=1 for more than 1.000,00 € income per month.
- Variable Q6 describes the distinction between four different possible characteristics that respondents perceive as quality within a spirit. The four characteristics are defined as *soft taste, special manufacturing process, minor*

[10] Dependent variable (Y): Variable being predicted or explained by the set of independent variables

[11] Independent variable (predictors): Variable(s) selected as predictors and potential explanatory variables of the dependent variables.

*hangover and others.* The variable Q6 specifically states which of the characteristics has been placed on the first rang by the respondents.

- Variables Q7PRIVPAR, Q7COZY, Q7BAR, Q7CLUB with the following characteristics:
  - $V_{7A}$=1 if the respondent answered that *Price is more important than quality*/ 0, if not
  - $V_{7B}$=1 if the respondent answered that *Importance of price and quality is equal/* 0, if not
- Variable Q9 describes the distinction between five different possible buying criteria's which the respondents had to rank according importance. The five characteristics are *quality, price, image, design, popularity.* The variable Q9 specifically states which of the characteristics were placed on the first rang by the respondents.

### 4.3.2. Accumulated results

In the majority of the cases, results show that the p-value was greater than 0,10 which means that the independent values can be ignored as there is no statistical difference or significance. Only in three cases the p-value was smaller than the 0,10 and was further taken into consideration. The following three predictors show increased probability to consume tequila:

- The probability that men consume tequila is higher than the probability that women consume tequila.
- There is a high probability that respondents who consider price being more important than quality, consume tequila on the occasion of a private party.
- There is a high probability that respondents who consider price more important than quality, consume tequila on the occasion of a club.

| | Dependent variable<br>Y= Tequila consumer |
|---|---|
| **Independent variable** | **p-value** |
| Gender | 0,021 |
| Q7PRIVPAR | 0,054 |
| Q7CLUB | 0,024 |

*Table 8 Independent variables with statistical significance for p-value for the dependent variable Y=Tequila*

Table 8 exhibits the overview of the three independent variables that show a p-value with a statistical significance. The tables with detailed information of the three independent variables are included in Appendix III.

# 5. DISCUSSION AND CONCLUSION

## 5.1. Main findings

This research was conducted to further investigate multiple aspects related to the entrepreneurial opportunity for launching a new premium tequila brand in the German spirits market targeted at the young. The data analysis of this research project shows interesting results and confirms assumptions that we set with the literature review when we first started the study.

Previous research states that preferences for particular alcoholic beverages are connected with different drinking patterns. For example, beer and spirits are generally more consumed by those that are heavy drinkers, whereas some prefer spirits in order to feel the effect of alcohol faster, and others beer as it is considered as relatively cheap. Wine consumers on the other side are described as more educated and are more attracted by the quality of the beverage (Gmel, Truan, & Francois, 1999); (Jensen, Andersen, & Sorensen, 2002); (Gronbaek, Jensen, & Johansen, 2004). Kuntsche et al. (2006) confirm with their research previous information, stating that individuals who preferred to consume beer and spirits but not wine, like to enjoy, have fun by feeling the effects of alcohol and getting drunk (Kuntsche, Knibbe, Gmel, & Engels, 2006).

We can not confirm all assumptions that identified in the literature with congruent results from our research project, but we recognize similar pattern (see figure 3). For example, we found that for the occasion warm-up or nightclub, consumers rate price as being more important than quality. Both occasions are probably considered as events where individuals prefer to have fun feeling the effects of alcohol rapidly. Figure 6 in Appendix IV confirms that in those occasions, individuals prefer the consumption of spirits. Unfortunately, we did not distinguish between beer, wine or other weaker alcoholic beverages, hindering the possibility to make further differentiations. We only considered one category “no spirits”, which is preferably consumed during the occasion of cozy evening and with weaker characteristic in bars. We observed that in different occasions, individuals rate the importance of price and quality differently and choose different alcoholic beverages.

We applied a binary logistic regression to identify characteristics, or rather groups of respondents that are more likely to respond to the consumption of tequila. The dependent variable, considered as the variable being predicted or explained by the set of independent variables, is introduced and defined as the consumption of tequila. A tequila consumer is defined as a respondent who confirmed that he purchased tequila in one of the four occasions *private party, cozy evening, bar or club*. Several independent variables were defined such as gender, profession, income or perception of quality for example. Three cases could be identified with a statistical significance: The probability that men consume tequila is higher than the probability that women consume tequila; There is a high probability that respondents who consider price more important than quality, consume tequila on the occasion of a private party; There is a high probability that respondents who consider price more important than quality, consume tequila on the occasion of a club.

In the literature we found a related study where a regression analysis was used in order to predict the consumption of alcohol. Gunter, et al. (2009) collected data and applied a regression analysis with the frequency of the alcohol consumption as a dependent variable. Results showed that the connection between the level of exposure to alcohol advertisement and frequency of general alcohol consumption is not significant, but still, such factors as parents or friends drinking alcohol have an impact on alcohol consumption among young individuals. Generally, the research showed that TV advertisement has a weak influence on drinking habits and it has a different impact considering types of alcohol products (Gunter, Hansen, & Touri, 2009).

With a cluster analysis we wanted to examine if individuals can be grouped into different profiles that show similarity. Therefore, we tried to identify if different buying situations lead to different consumer behavior. In this concrete case, we investigated if identified profiles or cluster showed different characteristic with regards to quality versus price among different purchasing occasions and if the identified profiles or cluster showed differences in the perception of quality between them. The cluster analysis showed that respondents can be grouped into four individual similar profiles. These four groups result in four different profiles that show different characteristics in rating quality and price in different buying situations. The four existing profiles are *Deal Seeking, Price Preference, Hangover Avoiding* and *Quality Seeking*. By adding further external variables such as gender, profession and age, the groups can be further distinguished. Riviezzo et al. (2011) investigated the main components of wine purchasing behavior by also using a cluster analysis and considering socio-demographic profiles of those who are wine buyer and wine consumer. Whereas our cluster analysis focuses only on identifying profiles, in regards to the perception of quality and price among different purchasing occasions, Riviezzo et al. (2011) promote a more holistic understanding of consumer behavior. Although the authors also use the place where the wine is purchased and the factors influencing the decision (i.e. price, quality, origin, etc.), this only covers a small part of their investigation. With the aim of proposing a market segmentation, Riviezzo et al. (2011) investigate all phases of the wine purchasing process such as perception of need, search for information, evaluation of alternative, purchase decision and use of product, post-purchase behavior. In order to achieve a better understanding of the characteristics of different market segments, every single phase of the buying process has been analyzed, so to highlight what really characterizes different types of customers.

## 5.2. Limitations of the study

The study shows statistical and data limitations, as the sample size of 153 respondents is rather small. The data does not provide a constant statistical significance. So the linear regression for example resulted only in three cases with statistical significance. Although the use of a convenience sample of students (about 50%) limits the ability to generalize the results to some extent (e.g. conclusions about financial situations and buying power), it assures that young consumers are included in the sample.

## 5.3. Outlook entrepreneurial opportunity

This paragraph briefly informs about the situation and the progress of the enterprise to launch a new tequila brand and gives a short overview about upcoming activities.

The global spirits industry continues to be a rapidly evolving market including growth and changing trends. A CAGR of 3% is forecasted for the global spirits industry until 2019, and the emerging countries have been identified as key markets. In contrast to these global statistics, there is a forecasted decline for the consumption of spirits in Germany for the period between 2014 and 2019 of about 4%. However, the market volume of the tequila category, which has been further examined throughout this dissertation, is expected to grow slightly (by around 2%) in the mentioned time period. One of the major trends within the overall spirits sector is the premiumization, which also will positively impact the tequila category.

Although tequila remains a popular type of spirit in Europe, it seems that it still can not live up to its potential like it does already in the US, where the spirit has successfully reinvented itself as something “chic to sip”, instead of something “sleazy to slam”.

Although the predictions for the German spirits market are rather negative, the signals for the tequila market are more affirmative, especially in the premium segment. Further, this research specifically on young consumers verified previous assumptions regarding the product. For example, it confirmed that tequila is mainly consumed as a shot in order to lit up the atmosphere, which indicates that German consumers are not aware of tequila’s potential as a premium spirit. The ongoing boom in the US of premium tequila, which even provoked the involvement of celebrities, can definitely help to educate other markets throughout the globe and endow them with a boost.

Regarding the operational activities of the enterprise, end of 2015, the entrepreneurs evaluated and selected during a visit in Mexico potential suppliers for liquor, bottle and packaging. Currently the product is being finalized together with a distillery in Mexico and inquires for brand design are taking place. The goal is to develop a unique brand that differentiates the product for its authentic and credible story, high liquor quality, and superior design and functionality of the bottle itself. Partners for the design have already been selected and factors such as cost, creativity and reliability were taken into consideration. As soon as the design has been developed, material can be purchased and logistical steps can be initiated in order to provide the basis for a possible launch in the German market in winter or spring. This research project provided the entrepreneurs with important insights regarding the potential for success of this venture.

## 5.4. Ethical implications of such a project

Throughout time and around the world, drinking habits have followed the laws of the market; more importantly, however, they have fluctuated with changes in the sociocultural system that reflects the individual and collective values of a given society. From this perspective, alcohol may be seen for what it is – a cultural product associated with life's pleasures – whereas its abuse causes it to be perceived as a health menace and source of criminal behavior (Ethics Council of the alcoholic beverage industry in Quebec, 2016).

Although alcoholic beverages have always been a solid part of the western cultural history and tradition, risks of alcoholic misuse should not be underestimated. Alcohol abuse and misuse can provoke dependence. Certainly there is a thin line between the joys of moderated consume and the problems of excess. Individual responsibility and risk competences are central aspects for a responsible exposure with alcoholic beverages. It is comprehensible that companies which are producing alcoholic beverages want to sell as much as possible. But these companies owe the responsibility to the society to limit exposure of their product to certain groups. Therefore, the goal should be to drive a policy that avoids the access to misuse of alcohol.

In order to comply its responsibility, it should be in the producer's interest to have "quality" customer instead of "quantity" customers and to respond to certain code of ethics and principles. This includes to sell and promote their products under specified rules and regulations. Examples of that are existing regulations for the names of the products, or a specified minimum age for models that are used for promotion. Also exist rules to only use certain medias or certain time slots for promotion that targets predominantly adults. Further the industry must assume Corporate Social Responsibility (CSR) without reservation, including the responsibility to inform consumers about risks and abuse.

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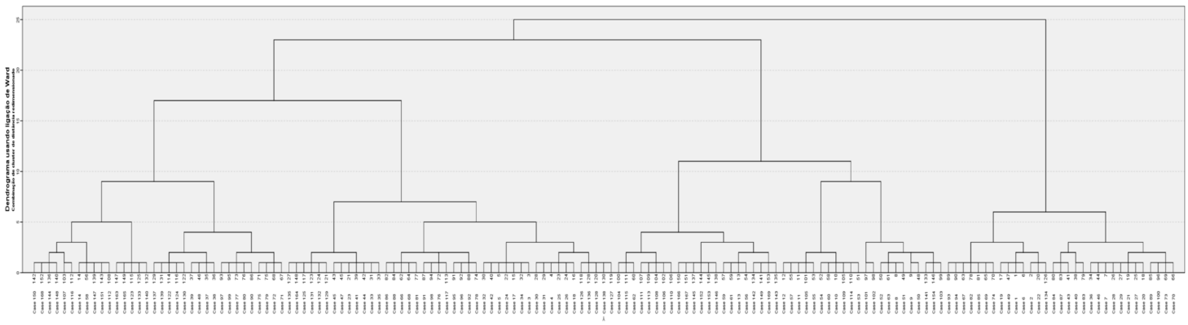
## APPENDICES

## Appendix I – Cluster analysis: Distribution of variables included in the cluster analysis – Variables Q6 and Q7

*Figure 4 Dendrogram showing clusters after the analysis of two variables (Q6 and Q7)*



In figure 4 we show the dendrogram that resulted from the cluster analysis of variable Q6 and the four Q7 variables. The hierarchical cluster analysis resulted in four clusters, each representing a group of spirits consumer that express different profiles. The profiles demonstrate different preferences in consumer behavior depending on the introduced variables.

*Table 9 Distribution of cluster groups for variable Q6:*

| | | | Cluster Groups | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Q6** | Taste | Score | 31 | 43 | 0 | 23 | 97 |
| | | % of Cluster groups | 100.0 % | 97.7% | 0.0% | 67.6% | 63.4% |
| | Manufacturing process | Score | 0 | 0 | 9 | 0 | 9 |
| | | % of Cluster groups | 0.0% | 0.0% | 20.5% | 0.0% | 5.9% |
| | Hangover | Score | 0 | 0 | 32 | 10 | 42 |
| | | % of Cluster groups | 0.0% | 0.0% | 72.7% | 29.4% | 27.5% |
| | Others | Score | 0 | 1 | 3 | 1 | 5 |
| | | % of Cluster groups | 0.0% | 2.3% | 6.8% | 2.9% | 3.3% |
| Total | | Score | 31 | 44 | 44 | 34 | 153 |
| | | % of Cluster groups | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Chi-square
P<0.001

*Table 10 Distribution of cluster groups for variable Q7PRIVPAR:*

| | | | Cluster Groups | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Q7PRIVPAR** | Price | Score | 16 | 20 | 19 | 6 | 61 |
| | | % of Cluster groups | 51.6% | 45.5% | 43.2% | 17.6% | 39.9% |
| | Indifferent | Score | 14 | 13 | 13 | 12 | 52 |
| | | % of Cluster groups | 45.2% | 29.5% | 29.5% | 35.3% | 34.0% |
| | Quality | Score | 1 | 11 | 12 | 16 | 40 |
| | | % of Cluster groups | 3.2% | 25.0% | 27.3% | 47.1% | 26.1% |
| Total | | Score | 31 | 44 | 44 | 34 | 153 |
| | | % of Cluster groups | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Chi-square
P=0.001

*Table 11 Distribution of cluster groups for variable Q7COZY:*

| | | | Cluster Groups | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Q7COZY** | Price | Score | 2 | 0 | 3 | 0 | 5 |
| | | % of Cluster groups | 6.5% | 0.0% | 6.8% | 0.0% | 3.3% |
| | Indifferent | Score | 29 | 0 | 13 | 0 | 42 |
| | | % of Cluster groups | 93.5% | 0.0% | 29.5% | 0.0% | 27.5% |
| | Quality | Score | 0 | 44 | 28 | 34 | 106 |
| | | % of Cluster groups | 0.0% | 100.0% | 63.6% | 100.0% | 69.3% |
| Total | | Score | 31 | 44 | 44 | 34 | 153 |
| | | % of Cluster groups | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Chi-square
P<0.001

*Table 12 Distribution of cluster groups for variable Q7CLUB:*

| | | | Cluster Groups | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Q7CLUB** | Price | Score | 17 | 27 | 27 | 5 | 76 |
| | | % of Cluster groups | 54.8% | 61.4% | 61.4% | 14.7% | 49.7% |
| | Indifferent | Score | 12 | 17 | 17 | 17 | 63 |
| | | % of Cluster groups | 38.7% | 38.6% | 38.6% | 50.0% | 41.2% |
| | Quality | Score | 2 | 0 | 0 | 12 | 14 |
| | | % of Cluster groups | 6.5% | 0.0% | 0.0% | 35.3% | 9.2% |
| Total | | Score | 31 | 44 | 44 | 34 | 153 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | % of Cluster groups | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Chi-square
P<0;001

*Table 13 Distribution of cluster groups for variable Q7BAR:*

| | | | Cluster Groups | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Q7BAR** | Price | Score | 12 | 11 | 10 | 0 | 33 |
| | | % of Cluster groups | 38.7% | 25.0% | 22.7% | 0.0% | 21.6% |
| | Indifferent | Score | 14 | 29 | 27 | 0 | 70 |
| | | % of Cluster groups | 45.2% | 65.9% | 61.4% | 0.0% | 45.8% |
| | Quality | Score | 5 | 4 | 7 | 34 | 50 |
| | | % of Cluster groups | 16.1% | 9.1% | 15.9% | 100.0% | 32.7% |
| Total | | Score | 31 | 44 | 44 | 34 | 153 |
| | | % of Cluster groups | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

# Appendix II – Cluster Analysis: Distribution of the external variables included in the cluster analysis

*Table 14 Distribution of cluster groups for external variable Tequila consumption with V1=0 for no purchase of tequila and V1=1 for purchase of tequila within one of the four occasions private party, cozy evening, bar or club:*

| | | | Cluster Groups | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Tequila** | 0 | Score | 23 | 25 | 27 | 25 | 100 |
| | | % of Cluster groups | 74.2% | 56.8% | 61.4% | 73.5% | 65.4% |
| | 1 | Score | 8 | 19 | 17 | 9 | 53 |
| | | % of Cluster groups | 25.8% | 43.2% | 38.6% | 26.5% | 34.6% |
| Total | | Score | 31 | 44 | 44 | 34 | 153 |
| | | % of Cluster groups | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Chi-square
P=0.279

*Table 15 Distribution of cluster groups for external variable Gender with V2=0 for male and V2=1 for female:*

| | | | Cluster Groups | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Gender** | 0 | Score | 17 | 35 | 28 | 22 | 102 |
| | | % of Cluster groups | 60.7% | 79.5% | 70.0% | 71.0% | 71.3% |
| | 1 | Score | 11 | 9 | 12 | 9 | 41 |
| | | % of Cluster groups | 39.3% | 20.5% | 30.0% | 29.0% | 28.7% |
| Total | | Score | 28 | 44 | 40 | 31 | 143 |
| | | % of Cluster groups | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Chi-square
p=0.385

*Table 16 Distribution of cluster groups for external variable Profession with $V_3$=0 for students and $V_3$=1 for employed people:*

| | | | Grupos4 | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | |
| **Profession** | 0 | Score | 12 | 23 | 21 | 16 | 72 |
| | | % of Cluster | 42.9% | 52.3% | 52.5% | 51.6% | 50.3% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | groups | | | | | |
| | 1 | Score | 16 | 21 | 19 | 15 | 71 |
| | | % of Cluster groups | 57.1% | 47.7% | 47.5% | 48.4% | 49.7% |
| Total | | Score | 28 | 44 | 40 | 31 | 143 |
| | | % of Cluster groups | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

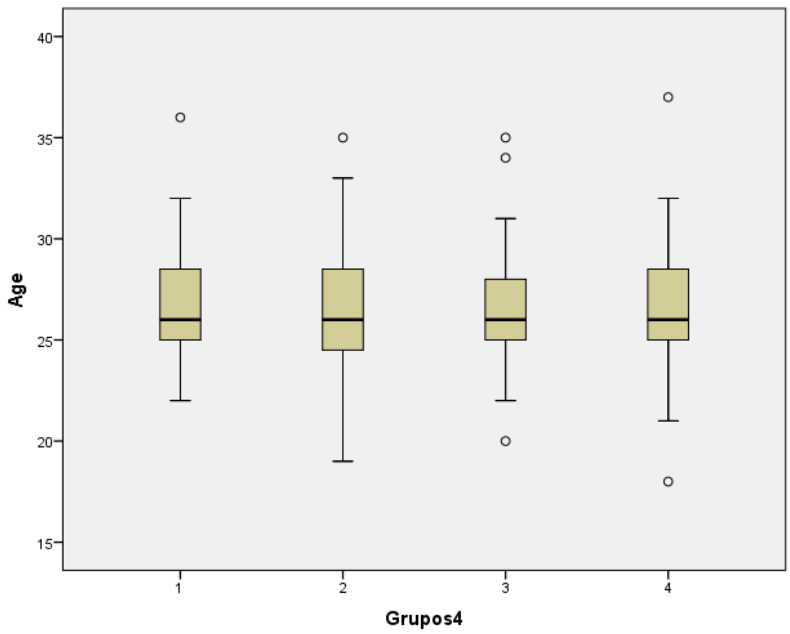
Chi-square
P=0.852

*Table 17 Distribution of cluster groups for external variable Age as numerical variable*

| | Cluster Groups | | | Statistic | Standard error |
|---|---|---|---|---|---|
| **Age** | 1 | Mean | | 26.75 | .590 |
| | | 95% confidence interval of the median | Inferior limit | 25.54 | |
| | | | Superior limit | 27.96 | |
| | | Median | | 26.00 | |
| | | Standard deviation | | 3.122 | |
| | | Minimum | | 22 | |
| | | Maximum | | 36 | |
| | 2 | Mean | | 26.34 | .505 |
| | | 95% confidence interval of the median | Inferior limit | 25.32 | |
| | | | Superior limit | 27.36 | |
| | | Median | | 26.00 | |
| | | Standard deviation | | 3.348 | |
| | | Minimum | | 19 | |
| | | Maximum | | 35 | |
| | 3 | Mean | | 26.58 | .465 |
| | | 95% confidence interval of the median | Inferior limit | 25.63 | |
| | | | Superior limit | 27.52 | |
| | | Median | | 26.00 | |
| | | Standard deviation | | 2.943 | |
| | | Minimum | | 20 | |
| | | Maximum | | 35 | |
| | 4 | Mean | | 26.58 | |
| | | 95% | Inferior limit | 25.31 | |

| | | | |
|---|---|---|---|
| | confidence interval of the median | Superior limit | 27.85 | |
| | Median | | 26.00 | |
| | Standard deviation | | 3.472 | |
| | Minimum | | 18 | |
| | Maximum | | 37 | |

*Figure 5 Box-plots of age distribution*



## Appendix III – Binary logistic regression: Distribution overview and chi-square test for independent variables with significant p-value

*Table 18 Distribution independent variable gender*

| | | | Gender | | Total |
|---|---|---|---|---|---|
| | | | Male | Female | |
| Tequila | **Purchase** | Score | 62 | 35 | 97 |
| | | % of gender | 56.9% | 76.1% | 62.6% |
| | **No purchase** | Score | 47 | 11 | 58 |
| | | % of gender | 43.1% | 23.9% | 37.4% |
| Total | | Score | 109 | 46 | 155 |
| | | % of gender | 100.0% | 100.0% | 100.0% |

*Table 19 Chi-square test for independent variable gender*

| | Value | gl | Asymptotic significance (Bilateral) | Sig exacta (2 lados) | Sig exata (1 lado) |
|---|---|---|---|---|---|
| Pearson chi-square | 5.096[a] | 1 | .024 | | |
| Continuity correction[b] | 4.308 | 1 | .038 | | |
| P-value | 5.314 | 1 | .021 | | |
| Fisher exact test | | | | .029 | .018 |
| Association linear to linear | 5.063 | 1 | .024 | | |
| Number of valid cases | 155 | | | | |

*Table 20 Distribution independent variable Q7PRIVPAR*

| | | | Q7PRIVPAR | | | Total |
|---|---|---|---|---|---|---|
| | | | Price | Indifferent | Quality | |
| Tequila | **Purchase** | Score | 35 | 40 | 35 | 110 |
| | | in % for Q7PRIVPAR | 53.8% | 71.4% | 72.9% | 65.1% |
| | **No purchase** | Score | 30 | 16 | 13 | 59 |
| | | in % for Q7PRIVPAR | 46.2% | 28.6% | 27.1% | 34.9% |
| Total | | Score | 65 | 56 | 48 | 169 |
| | | in % for Q7PRIVPAR | 100.0% | 100.0% | 100.0% | 100.0% |

*Table 21 Chi-square test for independent variable Q7PRIVPAR*

| | Value | gl | Asymptotic significance (Bilateral) |
|---|---|---|---|
| Pearson chi-square | 5.900[a] | 2 | .052 |
| P-value | 5.848 | 2 | .054 |
| Association linear to linear | 4.813 | 1 | .028 |
| Number of valid cases | 169 | | |

*Table 22 Distribution independent variable Q7CLUB*

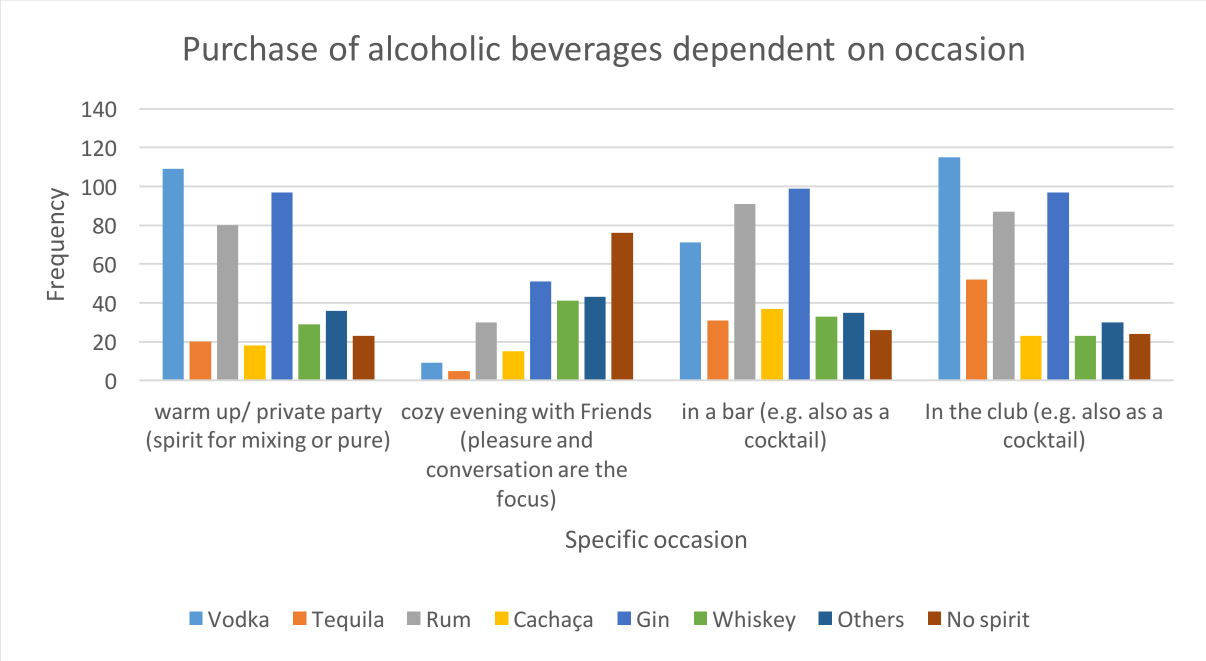
| | | | Q7CLUB | | | Total |
|---|---|---|---|---|---|---|
| | | | Price | Indifferent | Quality | |
| Tequila | **Purchase** | Score in % for Q7CLUB | 48<br>57.8% | 46<br>67.6% | 16<br>88.9% | 110<br>65.1% |
| | **No purchase** | Score in % for Q7CLUB | 35<br>42.2% | 22<br>32.4% | 2<br>11.1% | 59<br>34.9% |
| Total | | Score in % for Q7CLUB | 83<br>100.0% | 68<br>100.0% | 18<br>100.0% | 169<br>100.0% |

*Table 23 Chi-square test for independent variable Q7CLUB*

| | Value | gl | Asymptotic significance (Bilateral) |
|---|---|---|---|
| Pearson chi-square | 6.607[a] | 2 | .037 |
| P-value | 7.463 | 2 | .024 |
| Association linear to linear | 6.116 | 1 | .013 |
| Number of valid cases | 169 | | |

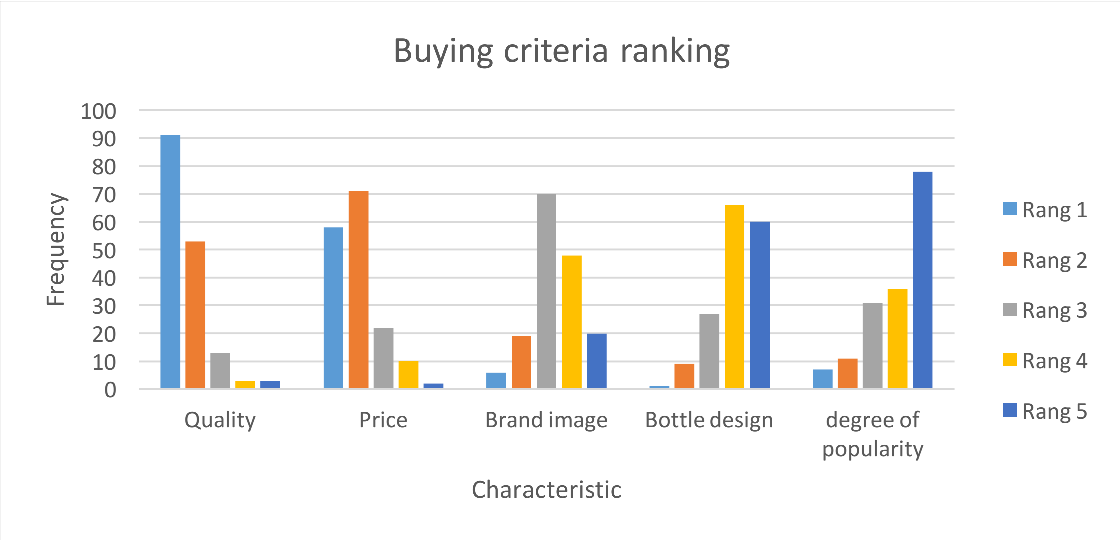
# Appendix IV – Additional descriptive statistics results

*Figure 6 Purchase of alcoholic beverages dependent on different occasions*




Respondents were asked to select which alcoholic beverages such as spirits they purchase for/in which occasion. As shown in figure 6 the results can be summarized as follows: Vodka, rum, and gin are the favorable liquors purchased in bars and nightclubs, and are most frequently brought to private parties such as warm-ups. A warm-up can be defined as the pre-drink prior to going out to a social venue or event. At a nightclub, 75% of the respondents purchase Vodka, 57% Rum, and 63% Gin. Tequila is only purchased by 34%. Tequila is most often consumed in nightclubs which can be inferred by 34% of the respondents indicating such. The tequila purchase distribution is 20% at bars, 13% for a warm-up, and 3% for a cozy evening with friends. Cozy evening's highest characteristic is to consume no spirits. When spending a low key evening, gin is purchased more than vodka and rum. Whiskey is selected by 27% of the respondents for this type of circumstance. Whisky buyers generally purchase more premium brands of alcohol.

*Figure 7 Ranking of different buying criteria's*




Respondents were also asked to rank different criteria that could influence the buying decision of their favorite spirit. The following characteristics had to be ranked: *Quality, price, brand image, bottle design, degree of popularity.* As showed in figure 7, the result is in line with the just mentioned sequence with quality ranked first and popularity on ranked fifth. Quality was ranked first, with 55% of the respondents ranking it as most important and 33% as second most important buying criteria, followed by price that was ranked by 36% as first and 44% price as second place. Beyond that, 43% ranked brand image as third place, 40% bottle design on fourth place and 48% degree of popularity as fifth.